


Billions, banks, and the blog

 blogs.lse.ac.uk/polis/2008/10/08/billions-banks-and-the-blog/

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The credit crunch and today's multi-billion pound rescue [package](#) for Britain's banks is a story of vast proportions. The media is doing a fantastic job at trying to keep up but is it also contributing to the panic?

Possibly the most important person in setting the tone of the coverage is the BBC's business editor [Robert Peston](#). He may have an unusual style but I am entranced by his ability to explain complex and fast-moving narratives with pithy, clear and pointed scripts.

 peston_onset_203_2.jpg

He has been caught in the classic economic correspondent dilemma. Do you go in hard and warn the public of possible disasters? Or do you play it calmly in the hope that you don't spook the markets?

A year ago Peston was accused in some [quarters](#) of causing a run on Northern [Rock](#) when he broke that story exclusively. In fact, he was very careful on-air to reassure customers while revealing what was a major financial scandal.

Now he has come under scrutiny for his [blog](#) written yesterday. Here's what the [Guardian's Patrick Wintour](#) reports this morning:

"In his morning blog yesterday, Robert Peston, the BBC business correspondent, claimed that at the meeting "a gang of three of Barclays, RBS and Lloyds TSB told Darling to pull his finger out and finalise whatever it is he's eventually prepared to offer on taxpayers' behalf". As bank share prices duly tumbled in morning trading, Peston was accused by the banks, Treasury officials and even some contributors on his blog of either hyping the import of the bankers' meeting, so spooking the markets; or, alternatively, acting irresponsibly by reporting genuinely sensitive information. For a second time in two days, the government had been bounced into responding to a story about its still incomplete plan to take an equity stake in ailing banks."

This sounds like a classic case of shooting the messenger but it does raise the issue about how blogging and online journalism effects financial crises.

If you read Peston's blog you are given a ring-side seat that is regularly updated. The style is lively: "taxpayer's wonga". It is insiderish: "For what it's worth, one banker – who runs one of our biggest banks – tells me that he is optimistic that it will bring a bit of calm to the extraordinarily turbulent banking market." And it is full of drama and his own opinion:

"It's...a big moment for the Prime Minister, Gordon Brown. This is the first genuine, full-scale economic crisis he has had to face since he entered government, as chancellor of the exchequer, in 1997. His place in history will depend on whether taxpayers' cash is being used to slow or stem the downward spiral in the economy or whether this is good money disappearing down a deep black hole."

It all makes for a rip-roaring read and lots of on-the-ball information and commentary. It's exactly what a blog should do. But is it what the BBC's Business Editor should do? I am sure it is.

Polis will be launching its financial journalism report on November 17th at 9am at the LSE. More details on our [website](#).

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